

# EXHIBIT H

Table of Contents

As filed with the Securities and Exchange Commission on May 30, 2003

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 20-F**

(Mark One)

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: December 31, 2002

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-3003

**THOMSON**

(Exact name of Registrant as specified in its charter)

Not applicable  
(Translation of Registrant's name into English)

Republic of France  
(Jurisdiction of incorporation or organization)

46, quai Alphonse Le Gallo

92100 Boulogne Billancourt

FRANCE

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class registered	Name of each exchange on which registered
Common Stock, nominal value 3.75 per share, and American Depositary Shares, each representing one share of Common Stock	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

---

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

Common Stock, nominal value 3.75 per share: 280,613,508

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes ☒ No ☐

Indicate by check mark which financial statement item the Registrant has elected to follow: Item 17 ☐ Item 18 ☒

---

---

**Table of Contents**

**INTRODUCTION**

In this Annual Report on Form 20-F, the terms the Company, the Group, Thomson, we and our mean THOMSON (formerly THOMSON multimedia S.A.) together with its consolidated subsidiaries.

**FORWARD-LOOKING STATEMENTS**

In order to utilize the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, we are providing the following cautionary statement. This Annual Report contains certain forward-looking statements with respect to our financial condition, results of operations and business and certain of our plans and objectives. These statements are based on management's current expectations and beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. In addition to statements that are forward-looking by reason of context, other forward-looking statements may be identified by use of the terms may, will, should, expects, plans, intends, anticipates, believes, estimates, projects, predicts and continue and similar expressions identify forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Such statements are also subject to assumptions concerning, among other things: our anticipated business strategies; our intention to introduce new products; anticipated trends in our business; and our ability to continue to control costs and maintain quality. We caution that these statements may, and often do, vary from actual results and the differences between these statements and actual results can be material. Accordingly, we cannot assure you that actual results will not differ materially from those expressed or implied by the forward-looking statements. Some of the factors that could cause actual results and events to differ materially from those expressed or implied in any forward-looking statements are:

economic conditions in countries in which our hardware devices and services are sold or patents licensed, particularly in the United States and Europe;

general economic trends, changes in raw materials and employee costs and political and social uncertainty in markets where we manufacture goods, purchase components and finished goods and license patents, particularly in Latin America and Asia;

increased competition in video technologies, components, systems and services and finished products and services sold to consumers and professionals in the entertainment and media industries;

Force majeure risks, especially related to our just-in-time inventory, supply, and distribution policy;

challenges inherent in our repositioning strategy, as detailed in Item 4 A History and Development of the Company ;

**Table of Contents**

*Components* (15% of 2002 Group net sales) comprising the same activities as the former Displays and Components division;

*Licensing* (4% of Group net sales) comprising the same activities as the former Patents and Licensing division.

The operations of the former New Media Services division will be absorbed by Consumer Products activities (principally guide-related activities) and Content and Network activities (principally the screen-advertising activity).

The activities of our historical divisions are described in detail below in *Business Overview*. For information on geographic breakdown of revenues by division, refer to Item 5: *Operating and Financial Review and Prospects Overview*.

**Historical Background**

In 1997, Thomson's activities were focused on the manufacturing and assembling of key components and consumer products, which represented 98% of our net sales. Following the arrival in 1997 of a new management team in the context of a significant deterioration in our results of operations and financial condition in the early and mid-1990s, we benefited from a recapitalization by the French State, through TSA (previously Thomson S.A.), and launched several restructuring and reengineering initiatives which enabled the restoration of profitable business operations. In the second half of 2000, we developed our repositioning strategy by expanding our business and customer base beyond the traditional consumer electronics market to include new segments of the video industry. We have made several acquisitions, including Technicolor, Philips professional broadcast business and Grass Valley business, to accelerate this strategic repositioning and to take advantage of the industry's transition to digital technologies. Thomson's current situation is the result of our repositioning strategy along the video chain.

Our restructuring and repositioning strategy has been accompanied and facilitated by a significant shift in our equity structure. Five years ago, Thomson (previously THOMSON multimedia) was wholly owned by TSA, which in turn is wholly owned by the French State. Following a series of changes in our share capital in the period 1998-2002, on February 28, 2003, to the best of our knowledge, our share capital was held as follows: (i) TSA owned 20.81%, (ii) Carlton Communications Plc owned 5.52%, (iii) Microsoft owned 3.41%, (iv) NEC owned 1.07%, (v) the public owned 63.89%, (vi) our employees owned 4.10%, and (vii) 1.20% were held by us as treasury shares. For more details on our share capital, please refer to Item 7: *Major Shareholders and Related Party Transactions Distribution of Share Capital*.

We changed our name from THOMSON multimedia to Thomson, pursuant to a resolution approved at our extraordinary Shareholders' meeting held on October 8, 2002.

---

**Table of Contents**

In addition, we have increased our use of electronic exchanges with our suppliers, achieving increased automation and improving the reliability of ordering and forecasting processes, and have implemented innovative collaborative planning projects. Since 2000, these initiatives have been extended towards indirect purchasing, for example, with the development of an e-procurement platform called Easysource, in order to optimize non-production purchasing via the Internet. In addition, in 2001 we created a joint venture named KeyMRO, which aims to group Thomson's non-production purchases with those of two other French companies, Rhodia and Schneider, via e-business technologies, and thereby reduce the total cost of non-production goods and services purchased by leveraging combined volumes.

Our sourcing organization participates in the integration of newly acquired businesses through the implementation of our global and uniform processes. For example, identifying all components required for the manufacture of our products has allowed us to combine volume purchases.

We believe that the termination of any one of our supply contracts would not materially endanger our operations or financial condition.

**C Organizational structure**

Please refer to Note 30 to our consolidated financial statements for a list of Thomson's subsidiaries.

**D Property, Plants and Equipment**

***Manufacturing Facilities and Locations***

In order to deliver our product and service offering to our customers, we have developed an industrial organization with important manufacturing operations. In addition, we rely on outsourcing for the manufacturing of some of our finished products.

Our objective is to continually improve the location and the organization of our manufacturing operations to reduce our production costs, minimize our stock levels and improve our lead-times. We have also implemented an outsourcing policy for the manufacturing of some of our finished products such as audio and communication products, accessories, camcorders, DVD players, VCRs, and smaller size televisions. We rely on third-party competencies for the manufacturing of standardized products in order to focus our resources on the conception and manufacturing of high-end components and products.

At the end of 2002, we had 55 locations. Principal manufacturing facilities are factories for the production of television sets, large and very large cathode ray tubes (CRTs), optical components, high-end audio products, VHS tapes and DVDs. Most of these manufacturing facilities are located in low-cost countries such as China, Mexico, Poland and Thailand, which give us a competitive cost base. We intend to continue this strategy of manufacturing in low-cost countries for all of our divisions.

Consistent with our manufacturing strategy, the majority of goods produced at our North

**Table of Contents**

American plants are sold in North America, while our European plants produce goods destined primarily for the European market. Our Asian plants produce goods for all markets.

The table below shows our significant manufacturing facilities by division. We own all of these facilities, except the Chinese facilities, which are on a long-term lease due to local legal requirements, and the Mexicali plant (construction and equipment) is financed through a synthetic lease. In addition, we entered into a sale-lease back transaction in 2001 through our Polish subsidiary which transfers ownership of tube manufacturing equipment. We also lease our Boulogne and Indianapolis office buildings. For more information on these leases, please refer to Note 25 to our consolidated financial statements.

**Principal Manufacturing Units**

Location	Division	Products
<b>Americas:</b>		
Camarillo (California)	Digital Media Solutions	DVD & VHS
Livonia (Michigan)	Digital Media Solutions	VHS videocassettes
North Hollywood (California)	Digital Media Solutions	Film
Mexicali (Mexico)	Displays and Components	Tubes
Marion (Indiana)	Displays and Components	Tubes
Circleville (Ohio)	Displays and Components	Glass funnels, panels
Belo Horizonte (Brazil)	Displays and Components	Cable modems
Juarez (Mexico)	Consumer Products	Televisions
<b>Europe:</b>		
West Drayton (UK)	Digital Media Solutions	Film
Bagneaux (France)	Displays and Components	Glass panels, funnels
Anagni (Italy)	Displays and Components	Tubes
Piaseczno (Poland)	Displays and Components	Tubes
Angers (France)	Consumer Products	Televisions
Zyrardow (Poland)	Consumer Products	Televisions
<b>Asia:</b>		
Nantao (China)	Displays and Components	Components
Foshan (China)	Displays and Components	Tubes
Bangkok (Thailand)	Consumer Products	Televisions
Dongguan (China)	Consumer Products	Audio

**Environmental, Health and Security (EH&S) policies and guidelines:**

We have established a number of programs and initiatives to ensure that each of our locations meets its legal responsibilities and operates in a manner that identifies and takes measures to reduce harm to human health and the environment. The most significant of these are described below:

Corporate EH&S Policies and Guidelines have been developed since 1993. They assist the organization in meeting regulatory requirements and establishing best management practices.

**Table of Contents**

September 2002, as well as the purchase of Alcatel's 50% stake in ATLINKS for 68 million.

The Group also announced the acquisition of Pacific Media Affiliates (PMA), parent company of four entities located in Los Angeles and specialized in audio editorial and mixing for feature and broadcast production. This acquisition reinforced our post-production global offering as well as the customer portfolio of the Content and Networks division.

We reported on April 16, 2003 our unaudited consolidated net sales for the first quarter 2003 which amount to 1,905 million, a 12% decrease at constant exchange rates compared to the first quarter 2002.

For more information about our first quarter 2003 results and the full text of that announcement, refer to our report on Form 6-K filed with the U.S. Securities and Exchange Commission on April 22, 2003, which, other than the section titled 2003 focus and outlook on page 4 and 5 thereof, is incorporated herein by reference and included as Exhibit 99.1 to this report.

**Seasonality**

Our net sales tend to be higher in the second half of the year than in the first half. This is due to increases in consumer purchases and more films released at the time of the year-end holidays. Our consolidated net sales in the second half of 2002 totaled 5,209 million, representing 51% of our 2002 consolidated net sales, the seasonality has been less important in 2002 than in 2001 (55% of our consolidated sales in the second half) due to a weaker year-end peak season in 2002 and a stronger effect of exchange rate fluctuations during the second half.

The impact of seasonality has tended to be higher at the operating income level, driven by the fact that fixed costs are spread relatively evenly over the year. Our consolidated operating income totaled 471 million in the second half of 2002, or 66% of our 2002 consolidated operating income, compared with 64% in the last six months of 2001.

**Geographic breakdown of net sales**

Based on net sales by destination (classified by the location of the customer), our most important markets are the United States and Europe, accounting for 51% and 31%, respectively, of net sales in 2002, for 53% and 29%, respectively, in 2001, and for 53% and 26%, respectively, in 2000. Asia accounted for 10% of our net sales by destination in 2002 compared with 9% in 2001 and 11% in 2000.

**Effect of exchange rate fluctuations**

We estimate that the impact of translating revenues of operating entities that are denominated in currencies other than euro into euro had a negative impact of 445 million on our net sales as expressed in euro in 2002. We estimate, however, that the impact of translating revenues of operating entities that are denominated in currencies other than euro into euro had a negative impact of 24 million on our operating income as expressed in euro in 2002, or 3.3% of the

**Table of Contents**

Name	Principal Occupation or Employment	Initially	Term Expires	Other business
		Appointed to Board		activities outside Thomson
Frank Dangeard(1)(3)	Chairman of the Board of Thomson, Senior Executive Vice-President of France Télécom	October 2002 (Board member since March 1999)	2004	Director of Orange, Wanadoo, and Equant
Christian Blanc(2)	Deputy at the French Chamber of Deputies	June 2001	2005	Director of Cap Gemini, Coface, JC Decaux, and Carrefour
Thierry Breton(1)	Chairman and CEO of France Télécom	March 1997	2004	Chairman of the Board of TSA  Chairman of Orange Director of Schneider Electric S.A. and Dexia Member of the Supervisory Board of AXA
Pierre Cabanes(3)	Chairman of Antée SAS	June 1998	2004	Managing Director of the Groupement Foncier de France
Emmanuel Caquot(1)	Director, French Ministry of Industry	March 1999	2007	Director of INRIA, La Française des Jeux, SFP and Groupe des Écoles des Télécommunications
Catherine Cavallari	Patents & Licensing Operations, Controlling Manager, Thomson	May 2002	2007	N/A
Thierry Francq(2)	Deputy Director, French Department of Treasury, Ministry of Economy, Finance and Industry	July 2002	2005	Director of Bull, France 3, Imprimerie Nationale and Société DCN Développement Director of La Poste and L'Établissement Public de Financement et de Réalisation (EPFR)
Michael Green	Chairman of Carlton Communications Plc	March 2001	2006	Director of Independent Television News Ltd and GMTV Ltd.
Eddy W. Hartenstein(1)(3)	Senior Executive Vice President of Hughes Electronics Corp.	October 2002 (Board member since March 1999)	2007	Chairman and CEO of DirecTV Enterprises Inc., DirecTV International Inc., DirecTV Merchandising Inc. and DirecTV Operations Inc. Director of PanAmsat and DirecTV Latin America
Igor Landau(2)	Chairman of the	September	2004	Director of Essilor, CCF,

**Table of Contents**

The tables below indicate the names of the members of the Executive Committee, their current responsibilities within the Group and the dates of their initial appointment.

Name	Responsibility	Initially appointed
<b>Management Board</b>		
Charles Dehelly	Chief Executive Officer	2002
Al Arras	Senior Executive Vice President, Home and Portable Audio and Video, and ATLINKS, in charge of the Quality TQS program	1997
John Neville	Senior Executive Vice President, in charge of the New Frontier program	1993
Lanny Raimondo	Senior Executive Vice President, Digital Media Solutions, in charge of the TARGET program for growth	2001
Julian Waldron	Senior Executive Vice President, Chief Financial Officer	2001
<b>Members of the Executive Committee</b>		
Christian Brière	Senior Vice President, Human Resources	2003
Tom Carson	Executive Vice President, Patents & Licensing	2002
Jean-Philippe Collin	Senior Vice President, Sourcing and in charge of the SPRING program	2002
Jean-Charles Hourcade	Senior Vice President, Research and Innovation	2000
Franck Lecoq	Executive Vice President, Displays and Components	2003
Patrice Maynial	Senior Vice President, Corporate Secretary and Legal Counsel	1997
Eric Meurice	Executive Vice President, TV and Accessories	2001
Mike O Hara	Executive Vice President, Consumer Products Services	1999
Enrique Rodriguez	Executive Vice President, Broadband Access Products	1999
Stéphane Rougeot	Senior Vice President, Communication and Entrepreneurship	2002

# EXHIBIT I

**Hanrahan James**

---

**From:** Hanrahan James  
**Sent:** Tuesday, June 10, 2003 4:07 PM  
**To:** Brunk Jack; Lissorgues Christian  
**Subject:** RE: Samsung

Jack:

No, your assumption is not correct. Over the past 12 months Thomson has attempted to meet the target pricing established by Samsung, and will continue to respond to this customers requests. Certainly Thomson has demonstrated the Thomson commitment to rebuilding the business relationship with the change in Account Management and also the visit of Mr. Lissorgues to Samsung.

As you know from previous email announcements authored by me, all pricing deviations outside of the MYF pricing must be submitted to Mr. Lissorgues, and approved by both Messrs. Lissorgues and Lecoq. The decision regarding pricing deviations beyond the MYF pricing was made at levels above Mr. Lissorgues and myself; thus, we must follow our Managements direction with regard to approval of all pricing deviations.

Mr. Lissorgues is in China, without a telephone. He is scheduled back in the Boulogne office on Friday. Mr. Lissorgues is aware of your Samsung email sent June 6, and has committed to discussing multiple subjects with me on 13 June (his arrival back in the office). He is also copied on this email so that he is aware of what I am proposing to you in the short term. I do know that Mr. Lissorgues is attempting to read his email while in China.

I recall a telephone conversation between you and I on the subject of Samsung. I think this call took place on Friday, 6 June. From my memory, and with your 6 June email, I have constructed a single page chart that attempts to respond where possible.

Review the chart. I have shown the MYF pricing on each size, so the parameters are clearly identified to you. I cannot respond to the W76TF and the A68TF without specific approvals from Management. Bottom line is that you can discuss curved 25, 27, and 32's, along with the 32TF. You will have to negotiate some additional time to respond to the A68TF and W76TF.

If you have questions, you can telephone me in the Indianapolis office until around 6pm, or my mobile.



samsung10June03.  
xls

-----Original Message-----

**From:** Brunk Jack  
**Sent:** Tuesday, June 10, 2003 2:05 PM  
**To:** Hanrahan James  
**Subject:** Samsung

Given that I have a dinner meeting this evening with Fred Lee in which he was expecting a price response from Thomson, am I to assume that we are not interested?

JKB

10 June, 2003

Hanrahan

**Samsung**

Size	Invoice	Half 1 Price rebate	Net price	Half 2 Price Samsung Goal	Thomson response
25V	\$80	\$2	\$78	\$70	no change in invoice/rebate price <i>MYF price is \$77</i>
27V1R X01	\$98	\$2	\$96	\$80	propose \$91 invoice/\$2 rebate
27V1R X881	\$100	\$2	\$98	\$82	propose \$93 invoice/\$2 rebate <i>MYF price is \$85 - I am using the difference to offset VHP pricing</i>
27VHP 1H				\$86	Samsung importing tube during Half 1 Propose \$91 invoice/\$5 rebate <i>MYF price is \$90 - using 1Rs as the offset</i>
27VHP 2H				???	6 June email called out this type - perhaps a typo? Propose \$99 invoice/\$5 rebate <i>MYF price is \$90 - using 1Rs as the offset</i>
27TF 1H	\$125	\$2	\$123	\$106	<i>I cannot respond to the target without CL's and FL's approval</i>
27TF 2H					<i>I cannot respond to the target without CL's and FL's approval</i> <i>MYF price is \$112 for 1H types</i>
32VHP	\$168	\$2	\$166	???	If there is a chance, we could go \$160 invoice/\$5 rebate 2H type would be a premium of \$8
32TF				???	We could do \$255 invoice/\$3rebate in Q4 2H type would be a premium of \$8 <i>MYF price is \$262 Q3; and \$250 Q4</i>
W76TF				\$203	<i>I cannot respond to the target without CL's and FL's approval</i> There will be no NAFTA production of this type in 2003 We can ship the tube from a NAFTA warehouse, but the CRT will be Anagnini <i>NO price set for the MYF</i>

TDA01361

TDA01246